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ANNUAL REPORT

OF THE

STATE BOARD OF EXAMINERS

TO THE

GOVERNOR OF MONTANA

HONORABLE FORREST H. ANDERSON

FOR THE

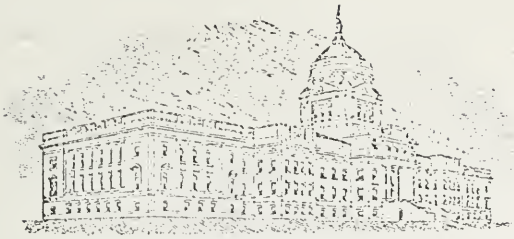
FISCAL YEAR ENDED

June 30, 1970

GOVERNOR FORREST H. ANDERSON
PRESIDENT

ATTORNEY GENERAL ROBERT L. WOODAHL

SECRETARY OF STATE FRANK MURRAY
SECRETARY



M. WM. McENANEY, EXECUTIVE CLERK

STATE OF MONTANA

STATE BOARD OF EXAMINERS

HELENA, MONTANA

The Honorable Forrest H. Anderson
Governor
State of Montana
Helena, Montana 59601

Dear Governor Anderson:

In accordance with the requirements of Section 82-4002, R.C.M. 1947, there is herewith transmitted to you the report of the State Board of Examiners covering the fiscal year ended June 30, 1970.

During fiscal year 1969-1970 the Board of Examiners met 15 times and considered 212 items. In addition to the work connected with the board and other work included in the Examination and Review Program, this office has three additional programs to administer. The Fire and Casualty Insurance Program, relating to the Fire and Extended Coverages Insurance on all state-owned buildings and contents, is the first of these programs. The second is the Extradition and Transportation of Prisoners Program concerning the approving and processing of claims for transportation or extradition of prisoners. The last program entitled Interim Projects has four divisions: Purchase of Land, Contracted Services for Montana Veterins, Repair and Maintenance of Roll Call Equipment, and the Constitution Revision Commission.

Respectfully submitted,

M. Wm. McEnaney
Executive Clerk

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STATE BOARD OF EXAMINERS

OFFICER TERM OF OFFICE	HOME ADDRESS
Governor Forest H. Anderson, President 1-6-69 -- 1-1-73	2 Carson St., Helena
Secretary of State Frank Murray, Member	825 Hauser Blvd., Helena
Attorney General Robert L. Woodahl, Member	1402 Jerome Pl., Helena

PRINCIPAL ADMINISTRATIVE OFFICERS

M. Wm. McEnaney, Executive Clerk

Lester S. Hansen, Assistant Clerk

PRINCIPAL OFFICE

State Capitol Building, Helena

GENERALLY

The Board of Examiners was created by Article VII, Section 20, of the Constitution of Montana.

SPECIAL

EXAMINATION AND REVIEW PROGRAM

The power to solicit, accept, and reject bids, award contracts and approve change orders is found in section 82-3317 of the Revised Codes of Montana 1947. The authority to issue bonds is in sections 79-2201 through 79-2205 of the Revised Codes of Montana 1947.

EXTRADITION AND TRANSPORTATION OF PRISONERS

The authority for this program is deligated from specific appropriation in the 1969 Laws of Montana, Extraordinary House Bill No. 4.

FIRE AND CASUALTY INSURANCE

There are no statutes relating to the purchase of insurance. The responsibility for administering this program has been assumed by the Board of Examiners in past years, under their general supervisory powers. However, in recent years, appropriations for payment of insurance premiums have been made direct to the Board of Examiners. Refer to Extraordinary House Bill No. 4, 1969 Laws of Montana.

INTERIM PROJECTS

The authority for this program is deligated from specific appropriations found in the 1969 Laws of Montana, Extraordinary House Bill No. 4.

NOTE: Other functions performed by the Board of Examiners are perscribed by specific legislative authority.

The Board of Examiners exists to fix the number, compensation, and tenure of employees of civil executive state offices; to approve the solicitation, acceptance, and rejection of all bids and awards of all contracts to the lowest qualified bidder for construction of state buildings costing more than ten thousand dollars ($10,000.00); to approve and process travel expense claims for the extradition and transportation of prisoners; to approve and process the travel expense claims of District Judges; to invest special funds as designated by the legislature; to appraise and insure state property and buildings; and to perform other duties as perscribed by specific statute. Therefore, the primary goal of the Board of Examiners is to provide the administrative support necessary to carry out the functions and duties listed above.

PROGRAM INVENTORY AND COST SUMMARY

PROGRAM	COST 1969-1970 F.Y.
Examination and Review	$ 55,452
Extradition and Transportation of Prisoners	28,564
Fire and Casualty Insurance	341,057
Interim Projects	51,754
TOTAL	$ 476,827

EXAMINATION AND REVIEW PROGRAM

Achievements. During the 1969-1970 fiscal year the Board of Examiners met 15 times, 12 regular meetings and 3 special meetings, and considered 212 items, not including Contract Change Orders and Salary Worksheet Forms that were processed.

Included in the 212 items considered by the board were Bond Issues for the following:

Bond Issues	Authorized	Sold
Long Range Building	$14,000,000.00	$500,000.00
		$4,670,000.00
	total	$5,170,000.00
Liquor Warehouse & Administration Building Bonds	$1,500,000.00	$18,640.16
Supreme Court & Law Library Building Bonds	$2,000,000.00	$250,000.00
Highway Commission Headquarters Building Bonds	$4,675,077.00	$175,077.00
total	$22,175,077.00	$5,613,717.16

(Note: The balance of the Bond Issues could not be sold because of unfavorable markets and low interest rate restriction set forth by the legislature.)

In addition to the Bond Issues and included in the 212 items considered, 31 Construction Contracts were awarded amounting to $6,758,086.83. The board also issued 27 Architect/Engineer appointments and opened bids on 63 projects.

Several of the functions performed in this office relate to the consolidation and payment of Insurance premiums and Travel Company bills where transportation has been purchased by State of Montana Transportation Requests. In order to upgrade the services performed by the department and to facilitate payment of these bills, an "Insurance Premium and Transportation Payments Revolving Account" was

established. This allows the State Auditor to mail all warrants direct to the vendors rather than this office collecting all warrants and remitting when the total has been collected. During the fiscal year approximately 1,450 Inter Agency Claims were processed in collecting these charges and over 260 transportation and insurance bills were paid.

An inventory was taken of all insurance purchased by all state agencies in order to eliminate any duplicate coverages. The office also acts in an advisory capacity to departments with specific insurance problems and, upon their request, will obtain the desired insurance coverage. Periodic reviews are made to assure the best insurance available.

State-wide uniform coverage was obtained for all departments owning automotive equipment. This constitutes a fleet in excess of 5,000 units. In this connection, bidding specifications were drawn, equipment lists and bid forms provided, bids were secured and insurance awarded to the low bidders. In connection with the automobile insurance, a current inventory is maintained of all department vehicles except those of the Montana Highway Commission. All accidents are coordinated through this office and loss records maintained.

Boiler Insurance is obtainable through this office by competitive bids on a state-wide basis. Here, too, the premium allocated and collected is on an equitable basis. Inspection services are coordinated and losses are adjusted with the insurance company as required.

In addition to centralizing the billing and paying of transportation claims, this office also processes unused or partially used tickets and makes refunds to the proper departments. These refunds average about thirty (30) per month and range from several dollars to several hundred dollars in size.

FIRE & CASUALTY INSURANCE PROGRAM

Achievements. This program relates only to the Fire and Extended Coverages Insurance on all state-owned buildings and contents. This program is growing as state government grows. There are no statutes relating to purchase of insurance. The responsibility for administering this program has been assumed by the Board of Examiners in past years under their general supervisory powers. However, in recent years, appropriations for payment of insurance premiums have been made direct to the Board of Examiners. We have maintained an up-to-date schedule of state property and have reported changes in values to the insurance companies. During the past year, insurance has been increased approximately $6,000,000.00 as a result of increased construction with a resulting annual premium charge in excess of $12,000.00. Also, during the past year, there have been losses adjusted and departments reimbursed for insured losses. Fire losses in the past several years have been extremely low. We feel that this results in part from the program of self inspection required by our "Public Institution Property Form" which we placed in effect several years ago.

During the past year, we have cooperated with the legislative Sub Committee on self-insurance and also with Dr. Patricia Douglas of the Bureau of Business Research in their studies of a self-insurance proposal. In this connection, we furnished information on building loscations, values and premiums paid. We also, provided information on the number, size, and type of losses and loss ratios for a number of years past.

In the past twenty years, the value of state property for insurance purposes has risen from approximately $19,000,000.00 to more than $160,000,000.00 today. Much of this increase is the result of new construction. However, other factors affecting the amount of insurance are:

1. The increased cost to replace or rebuild our present buildings,
2. Depreciation,
3. Maintenance (or lack of it),
4. Remodeling [illegible],
5. Additions [illegible],

The state, to qualify for the very favorable insurance rates, in effect must pay insurance premiums on 90% of the full insurable value which is based on "actual cash value" of the buildings. The actual cash value is, in turn, based on the current cost to rebuild or replace the buildings insured.

To reflect these changing values, buildings are constantly being reappraised and values updated. Reappraisals now being accomplished are of buildings which have not been appraised for 10 years. Buildings should be reappraised at leased once each five years but restrictions imposed by budget limitations has not permitted more frequent reappraisals.

The present appraiser was employed September 1, 1966 and probably has appraised sixty to sixty-five percent of all the state buildings. In the year July 1, 1969 through June 30, 1970, he appraised in full detail 339 buildings and an additional 217 buildings in a cursory manner. The total estimated replacement cost new was estimated at $28,021,044.00.

The state's buildings are located in many counties throughout the state. A total of 7,639 miles of travel was required at a total travel cost (mileage and per diem) of $1,142.87 during fiscal year 1969-1970.

The building appraisal work is a continuing one. Although some minor changes and innovations have been adopted to accelerate the work, we foresee no technique by which the work can be further accelerated nor, how the cost of such work can be further reduced consistent with the terms of the present insurance contract.

EXTRADITION AND TRANSPORTATION OF PRISONERS PROGRAM

Achievements. During the fiscal year 1969-1970 the Board of Examiners approved and processed 274 travel claims submitted by County Sheriffs and other agents of the law amounting to $28,564.00. These claims were for the transportation expense

incurred while either taking a prisoner to the State Prison at Deer Lodge or returning a fugitive to Montana from another state after approved extradition.

INTERIM PROJECTS PROGRAM

Achievements. The program Interim Projects consists of four seperate sub-programs. They are as follows:

Repair and Maintenance of House and Senate Roll Call and Sound Equipment

This sub-program provides for the payment of claims submitted for contracted services specified by the title of the program. These services amounted to $9,000.00 during the past fiscal year.

Constitution Revision Commission

The Constitution Revision Commission is a seperate entity from the Board of Examiners. The board only approves and processes the claims submitted by the commission. During fiscal year 1969-1970 the board approved and processed 156 claims submitted by the commission amounting to $19,319.00.

Contracted Services for Montana Veterans

The board also approves and processes claims submitted by this sub-program. The program consists of two secretaries drawing monthly salaries of $250.00 each, amounting to $6,000.00 per year.

Land Acquisition

This sub-program provides for the annual payment on land acquired for Montana State University for an Agricultural Experiment Station in Flathead County as perscribed by Chapter 378 of the 41st legislative Assembly.

DISTRICT JUDGES

Achievements. In addition to the four programs the board approves and processes claims and maintains records for, the board also approves and processes travel claims submitted by the District Judges of the State of Montana. During the past fiscal year 371 claims were processed amounting to $41,567.95.

EXAMINATION AND REVIEW

Services Provided. Processing of Contract Change Orders and Salary Worksheet forms; bond issues for building programs; award of contracts; and payment of insurance premiums and travel bills.

Objectives. The level of accomplishment for this program has been met. The objective of this department is to maintain the efficiency performed in past years.

Target Groups. The services of this program are directed to all people in the state of Montana. The long range building program benefits all people in the state and the payment of insurance premiums and travel bills relates to services provided by the state to state employees.

Achievements. During the 1969-1970 fiscal year the Board of Examiners met 15 times, 12 regular meetings and 3 special meetings, and considered 212 items, not including Contract Change Orders and Salary Worksheet Forms processed.

Included in the 212 items considered by the board were Bond Issues authorizing $22,175,077.00 and selling $5,613,717.16. The balance of the Bond Issues could not be sold because of unfavorable markets and low interest rate restriction set forth by the Legislature.

In addition to the Bond Issues 31 Construction Contracts were awarded amounting to $6,758,036.83. The board also issued 27 Architect/Engineer appointments and opened bids on 63 projects.

During the fiscal year approximately 1,450 Inter Agency Claims were processed in collecting transportation charges and over 260 transportation and insurance bills were paid. In addition to controlling the billing and paying of transportation claims, this office [illegible] or partially used tickets [illegible] refunds to the proper

departments. These refunds average about thirty (30) per month and range from several dollars to several hundred dollars in size.

Cost Summary. The following data is presented in summary form. Additional supporting data is available upon request.

	FISCAL YEARS		
	1968-69	1969-70	1970-71
COST	$62,475	$55,452	$60,103

EXTRADITION AND TRANSPORTATION OF PRISONERS

Services Provided. Examination, approving, and processing of claims for extradition or transportation of prisoners.

Objectives. In future years the board hopes to clarify to law enforcement officers and County Attorneys correct extradition procedures so that claims may be processed in a minimum amount of time.

Target Groups. The services of this program are directed at the County Sheriffs and other law enforcement officers concerned with the extradition and transportation of prisoners.

Achievements. During the fiscal year 1969-1970 the Board of Examiners approved and processed 274 travel claims submitted by County Sheriffs and other agents of the law amounting to $28,564. These claims were for the transportation expense incurred while either taking a prisoner to the State Prison at Deer Lodge or returning a fugitive to Montana from another State after approved extradition.

Cost Summary. The following data is presented in summary form. Additional supporting data is available upon request.

	FISCAL YEARS		
	1968-69	1969-70	1970-71
COST	$31,638	$28,564	$55,000

FIRE AND CASUALTY INSURANCE.

Services Provided. Purchase of Fire and Extended Coverages Insurance on all state-owned property.

Objectives. The desired level of accomplishment of this program has been met in past years. The primary objective of the board is to continue to purchase insurance at the most favorable rates obtainable.

Target Groups. All people in Montana benefit from an effective program of fire and casualty insurance.

Achievements. During the past year, insurance has been increased approximately $6,000,000.00 as a result of increased construction with a resulting annual premium charge in excess of $12,000.00. Also, during the past year, there have been losses adjusted and departments reimbursed for insured losses. Fire losses in the past several years have been extremely low. We feel that this results in part from the program of self inspection required by our "Public Institution Property Form" which we placed in effect several years ago.

In the past twenty years, the value of state property for insurance purposes has risen from approximately $19,000,000.00 to more than $160,000,000.00 today. Much of this increase is the result of new construction. However, other factors affecting the amount of insurance are: increased cost to replace or rebuild our present buildings, depreciation, maintenance (or the lack of it), removal; razing, additions or deletions, and remodeling and renovations.

The state, to qualify for the very favorable insurance rates, in effect must pay insurance premiums on 90% of the full insurable value which is based on "actual cash value" of the buildings. The actual cash value is, in turn, based on the current cost to rebuild or replace the buildings insured.

To reflect these changing values, buildings are constantly being reappraised and values updated. Reappraisals now being accomplished are of buildings which have not been appraised for 10 years. Buildings should be reappraised at least once each five years but restrictions imposed by budget limitations has not permitted more frequent reappraisals.

The present appraiser was employed September 1, 1966 and probably has appraised sixty to sixty-five percent of all the state buildings. In the year July 1, 1969 through June 30, 1970, he appraised in full detail 339 buildings and an additional 217 buildings in a cursory manner. The total estimated replacement cost now was estimated at $28,021,044.00. A total of 7,839 miles of travel was required at a total travel cost (mileage and per deim) of $1,142.87 during fiscal year 1969-1970.

Cost Summary. The following data is presented in summary form. Additional supporting data is available upon request.

	FISCAL YEARS		
	1968-69	1969-70	1970-71
COST	$343,316	$341,057	$429,000

INTERIM PROJECTS

Services Provided. Examination, approving and processing of claims for repair and maintenance of House and Senate roll call and sound equipment, the Constitution Revision Commission, contracted services for Montana veterans, and for special property acquisition.

Objectives. The only objective possible is to continue maximum efficiency in the processing of these claims.

Target Groups. The specific groups are as follows: the legislature, the Constitution Revision Commission; Montana veterins; and Montana State University.

Achievements. The program Interim Projects consists of four seperate sub-programs. They are as follows:

Repair and Maintenance of House and Senate Roll Call and Sound Equipment

This sub-program provides only for the payment of claims submitted for contracted services specified by the title of the program. These services amounted to $9,000.00 during the past fiscal year.

Constitution Revision Commission

The Constitution Revision Commission is a seperate entity from the Board of Examiners. The board only approves and processes the claims submitted by the commission. During fiscal year 1969--1970 the board approved and processed 156 claims submitted by them amounting to $19,319.00.

Contracted Services for Montana Veterans

The board again processes and approves claims submitted by this sub-program. The program consists of two secretaries drawing monthly salaries of $250.00 each, amounting to $6,000.00 per year.

Land Acquisition

This sub-program provides for the annual payment on land acquired for Montana State University for an Agricultural Experiment Station in Flathead County as perscribed by Chapter 378 of the 41st Legislative Assembly.

Cost Summary. The following data is presented in summary form. Additional supporting data is available upon request.

	FISCAL YEARS		
	1968-69	1969-70	1970-71
COST	$6,000	$51,754	$74,032

PROGRAM COSTS BY OBJECT OF EXPENDITURE AND SOURCE OF FUNDING

1969-70 FISCAL YEAR

PROGRAM

EXAMINATION AND REVIEW

OBJECT OF EXPENDITURE	
PERSONAL SERVICES	$49,343
OPERATIONS	5,603
CAPITAL	506
GRANTS AND BENEFITS	-0-
TOTAL EXPENDED	$55,452

SOURCE OF FUNDING	
GENERAL FUND	$55,452
TOTAL EXPENDED	$55,452

PROGRAM

EXTRADITION AND TRANSPORTATION OF PRISONERS

OBJECT OF EXPENDITURE	
PERSONAL SERVICES	-0-
OPERATIONS	$28,564
CAPITAL	-0-
GRANTS AND BENEFITS	-0-
TOTAL EXPENDED	$28,564

SOURCE OF FUNDING	
GENERAL FUND	$28,564
TOTAL EXPENDED	$28,564

PROGRAM COSTS BY OBJECT OF EXPENDITURE AND SOURCE OF FUNDING

1969-70 FISCAL YEAR

PROGRAM

FIRE AND CASUALTY INSURANCE

OBJECT OF EXPENDITURE	
PERSONAL SERVICES	-0-
OPERATIONS	$341,057
CAPITAL	-0-
GRANTS AND BENEFITS	-0-
TOTAL EXPENDED	$341,057

SOURCE OF FUNDING	
GENERAL FUND	$142,492
EARMARKED REVENUE FUND UNIVERSITY MILLAGE ACCOUNT	157,781
FEDERAL AND PRIVATE GRANT CLEARANCE FUND HIGHWAY APPROPRIATIONS CLEARING ACCOUNT	40,784
TOTAL EXPENDED	$341,057

PROGRAM

INTERIM PROJECTS

OBJECT OF EXPENDITURE	
PERSONAL SERVICES	$10,650
OPERATIONS	23,261
CAPITAL	17,843
GRANTS AND BENEFITS	-0-
TOTAL EXPENDED	$51,754

SOURCE OF FUNDING	
GENERAL FUND	$34,069
FEDERAL AND PRIVATE GRANT CLEARANCE FUND AGRICULTURAL EXPERIMENT STATION CLEARING ACCOUNT	17,685
TOTAL EXPENDED	$51,754